

DEPARTMENT OF DEFENSE  
PUBLICATION SYSTEM  
CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE  
(Force Management and Personnel)

CHANGE NO. 3  
DoD 1401.1-M  
October 30, 1991

Personnel Policy Manual for  
Nonappropriated Fund Instrumentalities

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The Deputy Assistant Secretary of Defense (Civilian Personnel Policy/Equal Opportunity), Office of the Assistant Secretary of Defense (Force Management and Personnel), has authorized the following page changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," December 1988:

PAGE CHANGES

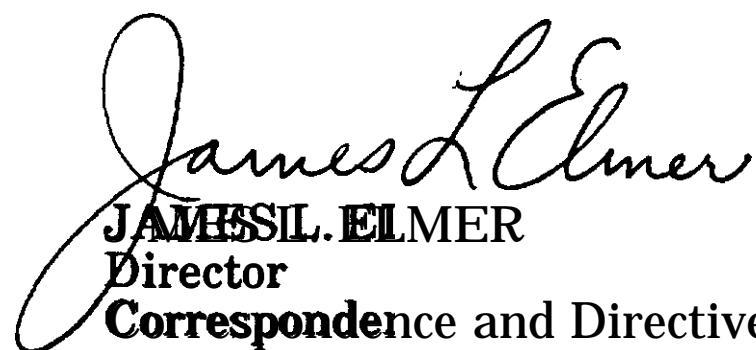
Remove: Pages ii through xvi, II-7 through II-9, and V-1 through V-4

Insert: Attached replacement pages

Changes appear on pages iii, xi&xii, xiv through xvi, II-8, II-9, and V-2 and are indicated by marginal asterisks.

EFFECTIVE DATE

The above changes are effective immediately. Forward two copies of revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy/Equal Opportunity), Office of the Assistant Secretary of Defense (Force Management and Personnel), within 120 days.

  
**JAMES L. ELMER**  
Director  
Correspondence and Directives

Attachments  
22 pages

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WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

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## REFERENCES

The REFERENCES list may not be complete. Heads of DoD Components shall ensure compliance with all applicable laws, Executive Orders, rules, regulations, etc., including those not in the REFERENCES section of this Manual.

### DoD DIRECTIVES

- 1010.4 "Alcohol and Drug Abuse by DoD Personnel ," August 25, 1980
- 1015\*3 "Armed Services Military Club and Package Stores ," May 14, 1982
- 1015.6 "Funding of Morale, Welfare and Recreation Programs ,"  
**August** 3, 1984
- 1015.8 "DoD Civilian **Employee** Morale, Welfare, and Recreation (**MWR**)  
Activities and Supporting Nonappropriated Fund Instrumentalities  
(**NAFIs**) ," October 22, 1985
- 1342.13 "Eligibility Requirements for Education of Minor Dependents in  
Overseas Areas, " July 8, 1982
- 1400.5 "DoD Policy for Civilian Personnel ," March 21, 1983
- 1400.6 "DoD Civilian **Employees** in Overseas Areas ," February 15, 1980
- 1401.3 "**Employment** Protection for Certain Nonappropriated Fund  
Instrumentality **Employees/** Applicants ," July 19, 1985
- 1402.1 " Employment of Retired Members of the Armed Forces, "  
January 21, 1982
- 1426.1 "Labor-Management Relations in the Department of Defense ,"  
November 10, 1988
- 1440.1 "The DoD Civilian Equal **Employment** Opportunist y (**EEO**) Program ,"  
May 21, 1987
- \* 4165.50 "Homeowners Assistance Program," June 26, 1991
- 5100.23 "Administrative Arrangements for the National Security Agency, "  
May 17, 1967
- 5120.39 "Department of Defense Wage Fixing Authority Appropriated Fund  
Compensation, " April 24, 1980
- 5120.42 "Department of Defense Wage Fixing Authority - Nonappropriated Fund  
Compensation Programs ," **May** 19, 1977
- 5500.7 "Standards of Conduct ," May 6, 1987
- 5525.9 "Compliance of DoD Members, **Employees**, and Family Members Outs ide  
the United States with Court Orders, " December 27, 1988

7050. I "Defense Hotline Program, " May 20, 1987

DoD INSTRUCTIONS

1000.15 "Private Organizations on DoD Installations ," September 22, 1978

1015.2 "Operations Policies for Morale, Welfare and Recreation (**MWR**) Activities ," May 17, 1985

1330.20 "Reporting of Morale, Welfare and Recreational (**MWR**) Activities Personnel Information, " September 4, 1980

140101 "Personnel Policy for Nonappropriated Fund Instrumentalities (**NAFIs**) ," November 15, 1985

1400.10 "**Employment** of Foreign Nationals in Foreign Areas, " December 5, 1980

1400.23 "**Employment** of Family Members of U.S. Armed Forces Personnel and Civilian **Employees** Stationed in Foreign Areas ," November 13, 1987

\* 1404.12 "**Employment** of Spouses of Active Duty Military Members Stationed \*  
\* Worldwide, " January 12, 1989 \*

5010.39 "Work Force Motivation," November 16, 1984

5120.16 "Department of Defense Incentive Awards Program: Policies and Standards, " July 15, 1974

6055.1 "DoD Occupational Safety and Health Program, " October 26, 1984

7000.12 "Financial Management of Morale, Welfare, and Recreational Activities, " September 4, 1980

7600.6 "Audit of Nonappropriated Fund Instrumentalities and Related Activities ," April 16, 1987

DoD PUBLICATIONS

1015.8-R "DoD Civilian **Employee** Morale, Welfare, and Recreation (**MWR**) Activities and Supporting Nonappropriated Fund Instrumentalities (**NAFIs**) Regulation ," November 1985

1400.25-M "Civilian Personnel Manual, " July 1978

1401. 1-M-1 "Job-Grading System Manual for Nonappropriated Fund Instrumentalities ," October 1981

5200. 2-R "DoD Personnel Security Program ," January 1987

5000. 12-M "DoD Manual for Standard Data Elements ," October 1987

EXECUTIVE ORDERS

- 11137 "Relating to Certain Allowances and Benefits for Civilian **Employees** of Nonappropriated Fund Instrumentalities of the Armed Forces ," January 7, 1964
- 11222 "Prescribing Standards of Ethical Conduct **for** Government Officers and **Emplo** yees ," May 8, 1965
- 11478 "Equal **Employment** Opportunity in the Federal Government ," August 8, 1969
- 11582 "Observances of Holidays by Government Agencies ," February 11, 1971
- 12568 "Employment Opportunist ies for Military Spouses at **Nonappropriated** Fund Activities ," October 2, 1986

UNITED STATES CODE

Title 5, United States Code - Government Organization and **Employees** Section, as amended:

2105 (status of nonappropriated fund employees)

2108 (veterans preference eligibility)

3110 (restrictions in the employment of relatives)

5332 (general schedule pay rates)

5342 (clef **initions**)

5361 - 5366 (grade and pay retention instructions applicable to federal wage system employees)

5532-5533 (dual pay and dual employment)

5542 (overtime rates - compensation)

5544 (wage-board overtime and Sunday rates computation)

5911 (entitlement of quarters and facilities by, civilian employees in the United States)

6305 (home leave)

7101-7103 (Labor management relations)

7324 (influencing elections; taking part in political campaigns; prohibitions with exceptions)

7901 (health services programs for civilian employees)

7902 (legal status of civilian NAF employees with regard

to safety programs)

8171 (extends the provisions of the Longshoremen's and Harbor Workers' Compensation Act to nonappropriated fund employees)

8501 - 8509 (unemployment compensation)

Title 10, United States Code - Armed Forces

\* 1143 (d) (Employment Preference by **NAFIs**)

1587 (employees of nonappropriated fund instrumentalities)

Chapter 81 (protection for NAFI Employees and applicants disclosing information)

Title 31, United States Code - Money and Finance

1349 (requires at least one month suspension for certain motor vehicle and aircraft use violations)

Title 38, United States Code - Veterans Benefits

101 (definitions)

301 (definitions)

Title 42, United States Code - The Public Health and Welfare

300e-9, Health Maintenance Organizations

410, Social Security (nonappropriated fund employees)

CODE OF FEDERAL REGULATIONS

Title 5, Administrative Personnel

Part 536, Grade and Pay Retention

Part 551, Pay Administration Under the Fair Labor Standards Act

Title 20, Code of Federal Regulations, **Employee's** Benefits

Part 609, Unemployment Compensation for Federal Civilian **Employees**

PUBLIC LAWS

88-448, "Dual Compensation Act of 1964, " August 19, 1964

90-40, "Military Select ive Service Act of 1967, " as amended ( the draft and the rights of the military man), June 30, 1967

92-261, "Equal **Employment** Opportunity Act of 1972, " March 24, 1972

92-392, August 19, 1972, amends subchapter IV of chapter 53 of Title 5, United v States Code (fixing and adjusting of rates of pay for prevailing-rate employees)

92-576, "Longshoremen's and Harbor Workers' Compensation Act ," October 27, 1972 (rates of compensation for a nonappropriated fund instrumentality employee) (5 U.S. C. 8171)

93-259, "**Fair** Labor Standards Amendments of 1974 ," April 8, 1974 (amending the Fair Labor Standards Act of 1938, as amended, to cover nonsupervisory Federal employees under its provisions for minimum wage and overtime and nondiscrimination because of age)

93-579, "The Privacy Act of 1974, " December 31, 1974, amends Title 5, United States Code by adding Section 552a

95-256, "Age Discrimination in Employment Act Amendments of 1978"

95-595, November 4, 1978, amends the Budget and Accounting Procedures Act of 1950 to require that pension plans provide for annual financial audits with respect to pension plans for employees of the Federal Government, its agencies, and instrumentalities

96-70, "Panama Canal Act of 1979, " provides for the operation and maintenance of the Panama Canal under the Panama Canal Treaty of 1977

97-35, "**OMNIBUS** Budget Reconciliation Act of 1981, " August 13, 1981. **Title IX**, Section 946 (b) included **NAFIs** within the definition of "employer" for purposes of the Health Maintenance Organization Act

98-94, "Department of Defense Authorization Act, 1984, " Section 1253, "**Employment** Protection for Certain Nonappropriated Fund Instrumentality **Emplo** yees, " amends Chapter 81 of Title 10, United States Code, by adding Section 1587

98-397, "The Retirement Equity Act of 1984, " improves the delivery of retirement benefits and provides greater equity under pension plans for workers and their spouses and dependents by taking into account changes in work patterns, the status of marriage as an economic partnership, and the substantial contribution to that partnership of spouses who work both in and outside of the home, and for other purposes

\* 99-145, "DoD Authorization Act ," November 8, 1985, Section 806, "**Employment** \* Opportunities for Military Spouses ," as amended (10 U. S. C., Section 133 Note) \*

99-196, December 23, 1985, governs the implementation of flexible and compressed work schedules.

99-603, " Immigration Reform and Control Act of 1986, " makes it unlawful to hire, recruit, or refer for a fee for employment, unauthorized aliens in the United States . This law necessitated a rule promulgated by the Immigration and Naturalization Service, U.S. Department of Justice. The rule provides for an employment eligibility verification system designed to prevent the employment of unauthorized aliens.

- \* 101-189, Title XV, "Military Child Care Act of 1989, " November 29, 1989. \*
- \* 101-510, "National Defense Authorization Act for Fiscal Year **1991** ," Section 331, \*
- \* Assistance Program for **Employees** of a NAFI adversely affected by Base Closures, \*
- \* amends Section 1013 of the Demonstration Cities and Metropolitan Development Act \*
- \* of 1966 (42 **U.S.C.** 3374); Title 10, United States Code, **is** amended by adding new \*
- \* Chapter 58, Section **1143(d)** , **Employment** preference by NAFIS. \*
- \* 101-647, "Crime Control Act of 1990, " November 29, 1990. \*

#### REGULATIONS

Joint Travel Regulations, Volume 2 (payment for official travel and transportation of U.S. Government employees)

Department of State Standardized Regulations (Government Civilians - Foreign Areas) , April 2, 1961, as amended:

Section 030 (eligibility for allowances and differentials)

Section 270 ( education allowances for dependents of civilian personnel employed overseas)

#### OPM FEDERAL PERSONNEL MANUAL

Chapter 310, **Employment** of Relatives

Chapter 591, Allowances and Differentials Payable in Nonforeign Areas

Chapter 713, Equal **Employment** Opportunity

Chapter 731, Suitability

Chapter 850, Unemployment Benefits

**FPM** Supplement 296-33, The Guide to Processing Personnel Actions, Subchapter 7, Adjudication of Veterans Preference Claims

FPM Supplement 512-1 Craft and Trades Job-Grading Standards

**FPM** Supplement 532-2 Federal Wage System - Nonappropriated Fund **Employees**

**FPM** Supplement 990-2 Hours of Duty, Pay and Leave

**FPM** 551 Letters and Bulletins, Fair Labor Standards Act

FPM Letter 792-15, Federal **Employees'** Health and Counseling Programs

#### OFFICE OF MANAGEMENT AND BUDGET ( OMB) CIRCULARS

A-76 "Performance of Commercial Activities," (current edition)



continuous basis with the results of such evaluation discussed with each individual employee.

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h. Employee Records and Files

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(1) The **Heads** of DoD Components shall ensure that **NAFIs** keep and maintain records in compliance with the Fair Labor Standards Act of 1938, as amended. Additionally, the Heads of DoD Components shall ensure that adequate records are maintained on all employees. Records shall include all official personnel documents effected during an employee's service. An employee's right to review his or her records and the protection of his or her privacy shall be in accordance with **P.L.** 93-579, the Privacy Act of 1974 (5 **U.S.C.** 552a).

(2) Except as provided in (a) below, **NAFI** health units operating under the control of a medical officer or a registered nurse under medical supervision shall retain records of medical examinations and other miscellaneous medical records and keep them confidential. Otherwise, they shall be kept in a separate locked cabinet during the employee's **NAFI** service and may not be made a part of the official personnel folder.

(a) Medical certificates and any other medical records of examinations used to determine an employee's fitness for the job are permanent records and shall be placed in a sealed envelope. The employee's name (last, first, middle initial), date of birth, and social security number, as illustrated in DoD 5000.12-M, shall appear on the envelope in its upper right hand corner, and the envelope shall be attached on the right side of the official personnel folder. The envelope shall remain attached until the employee's folder is acquired by another **NAFI** at which time the receiving **NAFI**, upon receipt of the folder, shall remove the sealed envelope and place its contents either in the health unit or in a locked cabinet for safeguarding medical records.

(b) Miscellaneous **medical** records, correspondence, dispensary records, and similar papers of temporary value shall be disposed of in accordance with the records disposition schedule of the DoD Component concerned.

(3) Records disposition shall be accomplished in accordance with instructions contained in the official records disposition schedule for DoD Nonappropriated Fund Employee Personnel Records as approved by the General Services Administration, National Archives and Records Service, on June 29, 1983, as may be amended. When the **employment of** an individual is terminated, the personnel folder shall be marked "Inactive" and filed in an inactive file. These folders shall be retained by the employing **NAFI** until proper disposition in accordance with the above-mentioned official records disposition schedule. Disposition of temporary records shall be in accordance with the above-mentioned official records disposition schedule. When a terminated employee is employed by another **NAFI**, the employee's personnel folder, upon request, shall be forwarded by the holder to the new employer.

(4) In an effort to expedite requests for information relative to retirement benefits or personnel data, the DoD Components shall advise, in writing, separating **employees where they may** obtain the desired information or record.

i. Volunteer Service. The Heads of DoD Components (a) may prescribe regulations to provide for accepting volunteer services; and (b) prior to accepting volunteer services, tort liabilities and workers' compensation liabilities that may be incurred by their utilization shall be weighed .

j. Supervision of Appropriated Fund Employees. There is no legal prohibition against the supervision of appropriated fund employees within the DoD Components by NAF employees.

k. Details of Employees . A detail is a temporary assignment of an employee for a specified period , with the employee returning to his or her regular duties at the end of the detail. A detail to a lower-level position shall not adversely affect the employee's salary, classification, or job standing. Details of more than 60 days made to a higher grade position, or to a position with known promotion potential, shall be done under the merit promotion and staffing program.

**CO AFFIRMATIVE ACTION FOR HIRING , PLACEMENT, AND ADVANCEMENT OF HANDICAPPED INDIVIDUALS**

1. The Heads of DoD Components shall give full consideration to employment of handicapped individuals in all **NAFIs**, and shall ensure implementation of **all** required laws, executive orders, rules, and regulations, including applicable regulations of the Equal Employment Opportunity Commission and the Office of Personnel Management. In meeting these requirements, **NAFIs** will ensure that qualified handicapped individuals, including current employees who became disabled after appointment, have equitable opportunities to be hired, placed, and advanced in **NAFI** jobs. In addition, the Heads of DoD Components are authorized and encouraged to use any civil service provisions for hiring handicapped individuals that do not cover **NAFIs** as a guide to further develop policies and programs that will foster the effort to promote and expand employment opportunities for handicapped Individuals so that their skills may be utilized.

2. Affirmative action is to be an integral part of ongoing Component personnel management programs, as evidenced by persons with disabilities being employed in a broad range of grade levels and occupational series commensurate with their qualifications and by Component policies that do not unnecessarily exclude or limit persons with disabilities because of job structure or design *or* because of architectural, transportation, communication, procedural, or attitudinal barriers.

**D. EMPLOYMENT OF SPOUSES OF MILITARY PERSONNEL**

The Heads of DoD Components shall provide employment preference for spouses applying and referred for certain nonappropriated fund positions in all employment categories at grade levels **UA-8** and below and equivalent positions and for positions paid at hourly rates in accordance with DoD Instruction 1404. 12\*

\* **E. PREFERENCE IN HIRING FOR INVOLUNTARILY SEPARATED MEMBERS OF THE ARMED FORCES AND THEIR DEPENDENTS** \*

\* 1. In accordance with P.L. 101-510, section 502(a) (which added section \*

\* 1143(d) to title 10 U.S. Code) the Heads of the DoD Components shall take steps  
\* to provide preference in hiring by **NAFIs** for involuntarily separated members of  
\* the Army, Navy, Air Force, and Marine Corps, and their dependents.

\* 2. This program is in addition to section D. above, except that section  
\* **shall** have priority over a preference under this section.

\* 3\* A person may receive a preference in hiring only once under **P.L. 101-**  
\* 510. Transition hiring preference is terminated upon placement in or  
\* declination of (whichever occurs first) a NAF position for which application is  
\* made.

\* 40 Preference applies to all NAF jobs, UA-8 and below and equivalent  
\* positions paid at hourly rates, regardless of the grade of the job, for which  
\* the individual eligible for transition hiring preference applies and is fully  
\* qualified.

\* 5. Preference applies to any NAF job which is open to competition in  
\* accordance with merit practices; even if there are enough "in-house eligibles"  
\* to otherwise limit competition just to them under merit procedures. In other  
\* words, preference will not be limited to just those vacancies where it is  
\* necessary to hire someone outside the organization.

\* 6. A person eligible for preference shall be referred for selection only  
\* if he or she is among the best qualified candidates after a competitive  
\* screening process is completed.

## CHAPTER V

### PERSONNEL RELATIONS AND SERVICES

#### A. EMPLOYEE-MANAGEMENT RELATIONS POLICY

In conformance with the provisions of DoD Directives 1426.1 and 1400.5, the Heads of DoD Components in their management of **NAFI** personnel shall recognize and strive toward the establishment of orderly and constructive relationships between managerial and **nonmanagerial** personnel. Continued and unimpeded communications are vital factors to an informed and productive work force. These extend to a thorough understanding of conditions of employment, job requirements, employee rights, privileges, and responsibilities of both management and employees.

1. Standards of Conduct. The nature of many of the activities supported by nonappropriated funds administered by the DoD Components is such that the civilian employees and assigned military personnel shall exemplify the highest standards of personal conduct and integrity. The provisions of DoD Directive 5500.7 are applicable to NAFI employees. The Heads of DoD Components shall ensure that their NAFI employees are fully acquainted with all aspects of the government's standards for ethical conduct.

2. Loyalty. The Heads of DoD Components shall ensure that no person will be employed or continue to be employed at a NAFI who :

a. Advocates the overthrow of the U.S. Government.

b. Is a member of an organization that advocates the overthrow of the U.S. Government. ,.

c. Participates in any strike against the government, including all instrumentalities of the government.

#### 3. Political Activity

a. The principles of 5 U. **S.C.** 7324 relating to political activity of government employees are hereby administratively extended to NAFI employees to the extent that no employee shall:

( 1 ) Use official authority or influence for the purpose of interfering with an election or affecting its results.

(2) Take **any** active part in a partisan political campaign.

b. **NAFI** employees retain the right to vote as they choose; express their opinions on all political subjects and candidates; and participate in nonpartisan political activity. Also, an employee may hold a State, territorial, and local office if **it** does not conflict with duties, laws, or executive orders. No inquiries shall be made concerning the political affiliation of an employee or applicant for employment, and any disclosures of political affiliation shall not be considered in the employment process of the employee or applicant for employment.

c. Determinations as to violations of the above policy will be made by the Head of the DoD Component in which such violations are alleged to have occurred.

#### 4. Business-Based Actions

a. Business-based actions are non disciplinary, involuntary, and adverse personnel actions that are necessary to conduct business in an effective manner. Business-based actions include, but are not limited to:

- (1) Reduction in pay.
- (2) Reduction in hours of work.
- (3) Reduction in pay **level**.
- (4) Furlough.
- (5) Change in employment category.
- (6) Reduction in pay **level** based on reclassification of position.
- (7) Separation.

\* b. The Heads of DoD Components shall provide basic due process rights  
\* in business-based actions (i.e., notice of a proposed action and the reasons  
\* for it and an opportunity to respond) and include procedures such as objective  
\* criteria and/or higher level review to guard against arbitrary actions. \*

#### 5. Employee Grievances

a. NAFI employees shall have the right to present their complaints and grievances to management officials for prompt and equitable consideration. The Heads of DoD Components shall establish procedures for deciding grievances of employees in an equitable and timely manner.

b. Where a labor organization has exclusive recognition, any negotiated grievance procedure shall be governed by 5 **U.S.C.** 7101 et **seq.**, as implemented by DoD Directive 1426.1 and DoD 1400.25-M.

c. The employee grievance procedure may be used to, resolve employee disputes of business-based actions and disciplinary actions of suspension of 30 days or less.

#### 6. Disciplinary Actions

a. A disciplinary action is a personnel action affecting a regular employee that reduced the employee's basic pay or level; placed the employee in a nonpay, nonduty status; or separated the employee from NAFI employment and that was effected for cause; i.e., the disciplinary action stemmed directly from the actions of the effected employee.

b. Disciplinary actions do not include:

- b. Disciplinary actions do not include:
- (1) Business-based actions.
  - (2) Actions taken as the result of termination of temporary promotion.
  - (3) Separation or change to lower pay or level when voluntarily **initiated by the** employee.
  - (4) Application of a revised prevailing rate schedule when there is no change **to the** position.
  - (5) Actions taken as a result of an employee abandoning his or her position.

c. Procedures for Processing Disciplinary Actions and Appeals. The Heads of DoD Components shall issue regulations and procedures for processing disciplinary actions and for handling employee appeals of disciplinary actions that result in reduction of pay or in separation. That appeals process shall include a final appellate decision above the level of Installation Commander or General Managers of the Army and Air Force Exchange Service.

7. Incentive Awards and Recognition Programs. Recognizing that NAFI employees at all levels share responsibility for the efficient and economical operation of the activity in which they are employed, incentive awards programs shall be established to the extent feasible, and within resources available, for the purpose of improving these operations and recognizing deserving employees.

8. Occupational Safety and Health. The administrators of **NAFI** personnel shall create and maintain a safe and healthful environment for their employees and for the users of facilities managed for the morale, welfare, and contentment of military personnel, their dependents, and authorized civilians. All safety and health regulations shall be strictly adhered to by **NAFI** employees in accordance **with** DoD Instruction 6055.1. Where safety technicians are not available within the installation, outside consultants shall be used.

9. Drug and Alcohol Abuse. The Heads of Components shall ensure that drug and alcohol abuse control programs are available to **NAFI** employees in accordance with the provisions of DoD Directive 1010.4.

B. LABOR-MANAGEMENT RELATIONS POLICY

The Federal Service Labor-Management Relations Statute, 5 **U.S.C. 7101** et seq., is implemented within the Department of Defense by DoD Directive 1426.1 and DoD 1400.25-M. The statute, as implemented by these DoD issuances applies to Nonappropriated Fund Instrumentalities (see 5 **U.S.C. 7103** (a)(2) and (3) and DoD 1400.25-M, Chapter 711).

**C\*** ENTITLEMENT TO PERSONAL SERVICES AND GOVERNMENT QUARTERS

The privileges afforded **NAFI** employees shall be consistent with those **avail-**able to appropriated fund employees. In addition, the personal use of the **facil-**ities of the **NAFI** in which an individual is employed may be authorized by local

commanders when the use by regular eligible patrons is not diminished. The entitlement of 5 **U.S.C. 5911**, (Government Quarters and Facilities) as well as any other regulations prescribed by the President and deemed to be necessary and appropriate to carry out the provisions of this section, are hereby administratively extended to **NAFI** civilian personnel. The Heads of DoD Components shall prescribe the regulations necessary to carry out the provisions of 5 **U.S.C. 5911**. Except in isolated situations in which the only suitable quarters and facilities available are government-owned, **NAFI** employees will be expected to secure them from the private sector. Also, exceptions may be made when, in the judgment of the commander, the mission of the installation will be better accomplished by having certain key administrative **NAFI** personnel quartered on the installation. The occupation of Government quarters on a temporary basis by **NAFI** employees while traveling on official business is authorized.

D. "WHISTLEBLOWER" PROTECTION FOR NAFI EMPLOYEES AND APPLICANTS DISCLOSING INFORMATION

The DoD Components shall ensure that the confidentiality of employees and applicants making disclosures are protected fully. In accordance with 10 U. **S.C.** Chapter 81, **NAFI** employees and applicants for **NAFI** employment may not be impeded from disclosing information to appropriate authority that they reasonably believe evidences:

1. A violation of any law, rule, or regulation; or

2\* Mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific damage to public health or safety.

DoD Directive 7050.1, "Defense Hotline Program" May 20, 1987, establishes the DoD Hotline for reporting fraud or mismanagement, assigns responsibility and prescribes managing and operating procedures.

Concerning protection against reprisals, DoD Directive 1401.3 provides policy and implements **P.L.** 98-94, DoD Authorization Act, 1984, section 1253 (10 U. **S.C.** 1587) which establishes protection against reprisals for certain **NAFI** civilian employees and applicants who have made protected disclosures. DoDD 1401.3 sets forth responsibilities and authorities for providing such protection and prescribes operating procedures.